

JAN 08 2008

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

FILED

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE,

PETITIONER,

VS.

CONSECO HEALTH  
INSURANCE COMPANY,

RESPONDENT.

CONSENT ORDER

CAUSE NO. C-1677

Jan 28, 2008 ACCT# 8521 \$1,000.00  
NO-INVOICE 12050 TRAM# 1836680  
CONSECO HEALTH INSURANCE COMPANY  
CHECK# 2708603

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its attorney, Joel F. Green and Conseco Health Insurance Company ("Respondent"), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to NEB. REV. STATS. §§ 44-101.01, 44-135, and 44-303 ET SEQ. Said jurisdiction and control have been present at all times material hereto.

2. Respondent is an Arizona domiciled insurer licensed to conduct business in Nebraska as a foreign insurer.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. Conseco Health Insurance Company, Cause Number C-1677 on December 11, 2007. A copy of the petition was served upon the Respondent by mailing

a copy to Respondent's agent for service of process, CSC-Lawyers Incorporating, 1900 First Bank Bldg., 233 S. 13<sup>th</sup> Street, Lincoln, NE 68508, by certified mail, return receipt requested.

2. Respondent allegedly violated NEB. REV. STAT. §§44-1539, 44-1540(3), 44-1540(4), and 210 NEB. ADMIN. R. & REGS. 61-008.02 & 61-008.03 as a result of the following conduct:

- a. On September 26, 2007, Ralph Schinzel a/k/a Waldo Schinzel ("Schinzel") filed a complaint with the Nebraska Department of Insurance. Schinzel was listed as a covered spouse on a Family Heartcare policy with cash value (policy # 302342812) issued by Respondent on March 3, 1999 to Virjean F. Schinzel. Schinzel, in his complaint, alleged Respondent failed to pay certain claims stemming from the treatment of a medical condition that Schinzel experienced on February 24, 2007.
- b. On October 1, 2007, Barbara Ems, an Insurance Investigator with the Nebraska Department of Insurance, contacted Respondent about the complaint.
- c. On October 25, 2007, Respondent partially responded to Ems' letter but failed to specifically address the issues raised by Ems' October 1, 2007 letter. Respondent did provide certain documents outlining all charges and claims received and processed by Respondent for medical treatment and services provided to Schinzel under policy 302342812. Respondent's records indicate claims from Bryan LGH Medical Center, Bryan LGH Heart Institute, and Fillmore County Hospital (Claim # 380260) under policy 302342812 were received by Respondent on June 13, 2007, processed on October 10, 2007 and paid on October 12, 2007.
- d. On October 25, 2007, Ems contacted Respondent indicating the Respondent's October 25, 2007 response to her October 1, 2007 letter was "totally unacceptable" and called for the requested information to be provided to the Department by November 19, 2007.
- e. On November 1, 2007, Respondent responded to Ems' October 25, 2007 investigatory letter. Respondent indicated it completed a claim audit for Schinzel on October 15, 2007 and that "[a] review of all the claim material in our possession shows that all charges have been processed in accordance with the terms and conditions of the policy." This response raised additional questions for Ems.
- f. On November 5, 2007, Ems contacted Respondent about the complaint and specifically inquired why there was a significant delay in the processing and

paying of claims, namely 119 days, for policy 302342812 under claim number 380260.

- g. On or around November 27, 2007, Respondent responded to Ems' letter. Respondent admitted that "[i]n review of the claim history for policy number 302342812, under claim number 329106, the claim for Bryan LGH Medical Center was received on June 13, 2007, and processed on June 22, 2007. In error, the adjuster voided the claim number as a duplicate claim document." Respondent further states that "[o]n October 10, 2007, claim number 329106 was re-serviced under claim number 380260, and a claim payment of \$713.90 was issued. Respondent admits that it "did not complete the claim within 15 days from the original proof of loss receipt under Chapter 61 guidelines." Respondent attributed the delay of claims payment as "an isolated error by the adjuster" and further noted that the claim was re-serviced to include a payment of interest due to the Respondent's delay.

3. Respondent was informed of its right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving the right to a public hearing, Respondent also waives the right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent admits the allegations stated in Paragraph 2.

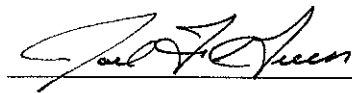
#### CONCLUSIONS OF LAW

Respondent's conduct, as alleged above, constitutes a violation of NEB. REV. STAT. §§44-1539, 44-1540(3), 44-1540(4), and 210 NEB. ADMIN. R. & REGS. 61-008.02 and 61-008.03.

#### CONSENT ORDER

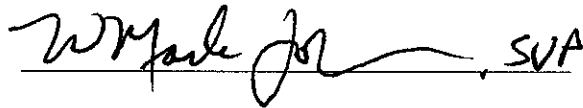
It is therefore ordered by the Director of Insurance and agreed by Respondent, Conseco Health Insurance Company, that Respondent shall pay an administrative fine in the amount of one thousand dollars (\$1000.00) due within 30 days after the Director of Insurance or his designee approves and signs this consent order. Respondent also agrees to address its claims review process in order to rectify the issues that arose from the substance of the petition filed in this matter.

The Nebraska Department of Insurance shall retain jurisdiction of this matter for the purpose of enabling the Department to make application for such further orders as may be necessary. If Respondent fails to pay the amount required as specified under this consent order, additional administrative action shall be taken by the Petitioner, which may include revocation of Respondent's Nebraska certificate of authority. In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his/her signature below.



Joel F. Green, #22900  
Attorney for Petitioner  
941 "O" Street, Suite 400  
Lincoln, NE 68508  
(402) 471-2201

JANUARY 8, 2008  
Date

 SVA

Conseco Health Insurance Company,  
Respondent

By: W. Mark Johnson, SVP

January 7, 2008  
Date

State of Indiana )  
County of Marion ) ss.

On this 7th day of January, 2008, \_\_\_\_\_,  
an authorized representative of Conseco Health Insurance Company, personally appeared before  
me and read this Consent Order, executed the same and acknowledged the same to be his/her  
voluntary act and deed.

  
\_\_\_\_\_  
Notary Public

**RENEE WAKE**  
Notary Public, State of Indiana  
County of Marion  
My Commission Expires Sep. 02, 2008

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Conseco Health Insurance Company, Cause No. C-1677.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

Ann M. Frohman

ANN M. FROHMAN  
Director of Insurance

1-8-08  
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent by mailing a copy to Respondent's registered mailing address, 11825 N. Pennsylvania Street, P.O. Box 1911, Carmel, IN 46082-1911 on this 9<sup>th</sup> day of January, 2008.

Tracy A. Stuck

RECEIVED  
JAN 10 2008  
STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE